IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of: **LEWIS ET AL.**	
Serial No.: **09/812,704**	Attorney Docket No.: **24995**
Filing Date: **MARCH 19, 2001**	
For: **METHOD AND SYSTEM FOR HEALTHCARE PRACTICE MANAGEMENT**	

Hon. Commissioner of Patents and Trademarks
Washington, D.C. 20231

Sir:

INFORMATION DISCLOSURE DECLARATION OF CHARLES C. LEWIS AND TERRANCE MOORE

The purpose of this joint declaration is to bring to the attention of the U.S. Patent and Trademark Office, pursuant to 37 C.F.R. §1.98, the following circumstances directed to experimental testing of functional features of the presently claimed system and methods

1. We, Charles Lewis and Terrance Moore, are co-inventors of the invention disclosed in U.S. Patent Application Serial Number 09/812,704, titled "*Method And System For Healthcare Practice Management*" which was filed on March 19, 2001 and is related to U.S. Patent Application Serial Number 09/812,703

titled "*Methods For Collecting Fees For Healthcare Management Group*".

2. In 1975, Charles Lewis received a Bachelors of Science in Pharmacy from the University of Pittsburgh School of Pharmacy. In 1998, Mr. Lewis received a Masters of Business Administration from the University of Phoenix.

(A) Mr. Lewis is a Registered Pharmacist in the States of Florida, Nevada, and Pennsylvania.

(B) Mr. Lewis is a Registered Consultant Pharmacist in the State of Florida.

(C) In 1992, Mr. Lewis served on the Legislative Affairs Committee for the Florida Pharmacy Association.

(D) In 1996, Mr. Lewis served on the Curriculum Advisory Committee at the University of Florida School of Pharmacy.

(E) In 1997, Mr. Lewis served as a Florida Legislative Liaison for the Academy of Managed Care Pharmacy.

3. Mr. Lewis is a member in good standing of the following groups and associations:

(A) American Society of Health System Pharmacists;

(B) American Society of Consultant Pharmacists;

(C) Academy of Managed Care Pharmacy; and

(D) American Society of Consultant Pharmacists.

4. We are co-owners of The Jasos Group (Jasos), which was founded in August 2000 and is the assignee of the above-referenced patent applications. Mr. Lewis is the original founder of Jasos and has been the Managing Partner of Jasos since its inception. Mr. Moore met Mr. Lewis in November 1998 and joined Jasos in August 2000.

5. Mr. Lewis has been employed in the fields of pharmacy and pharmacy management for over 26 years. In those 26 years, Mr. Lewis has owned a pharmacy, and has worked as a pharmacist, a pharmacy consultant to the State of Florida, and a licensed private investigator conducting investigations concerning health related issues.

6. Between December 1992 and December 1998, Mr. Lewis was employed as a clinical coordinator for Prudential Health Care (Prudential). The responsibilities of this position included drug utilization reviews and evaluations, formulary management,

and generation of analytical reports to monitor and reduce per member per month (PMPM) costs. In December 1998, Mr. Lewis resigned his position with Prudential to pursue a consulting position in the field of pharmacy management with Physicians Pharmacy Practices, Inc. (P3).

7. Between 1992 and 1998, Mr. Lewis, conceived, developed, and tested "bits and pieces" of a system that would later be reduced to practice as the system and methods of the above-referenced patent applications. More particularly, the "bits and pieces" that were conceived and developed were directed to a system and methods to monitor and reduce PMPM costs using various cost management techniques. At that time, the "bits and pieces" that were conceived, developed, and tested included collecting and analyzing pharmacy data and statistically identifying physicians whose behavior resulted in elevated PMPM costs. More particularly, these "bits and pieces" included:

(A) identifying those prescribers whose drug expenditures were greater than three standard deviations above a calculated mean;

(B) of those prescribers, determining who had generated the number of prescriptions greater than two standard deviations above the mean; and

(C) of those prescribers, determining who had average costs per prescription above the mean. These prescribers were thereafter identified as outliers.

(D) Once the outliers were identified, report cards were generated and mailed. Monthly fax newsletters were transmitted to all primary care physicians. The reports were then reviewed with the primary care physicians on a one-on-one basis.

(E) While developing and testing these "bits and pieces" of a system, the steps involved in analyzing the collected data were not disclosed. All individuals that assisted in the development and testing of the "bits and pieces" of a system described above did so under Mr. Lewis' guidance and surveillance. At no time was information regarding the analysis of the data or the methods used to analyze the data disclosed. The analysis of data was kept confidential. At no time during the development and testing

was control relinquished of the above referenced "bits and pieces".

(F) During the later part of the period between 1992 and 1998, i.e., between 1997-1998, the above-referenced "bits and pieces" were accumulated to form a preliminary system and methods of the above-referenced patent applications. At no time before 1998, however, were the systems and methods of the above-referenced patent applications ever tested in their entireties.

8. After Mr. Lewis joined P3, it was determined that the above-referenced system and methods needed to be further tested. To further test the above-referenced systems and methods, P3 entered into confidential agreements with Telesis Health Management (Telesis) of Louisville, KY and Deaconess Health Connection (Deaconess) of Evansville, IN. Telesis and Deaconess were chosen by P3 to participate in the confidential testing of the above-referenced system and methods because they met the criteria of what was considered to be a viable future client at the time. The characteristics of a viable future client at that time included:

(A) a future client that was at risk for pharmacy costs;

(B) a physician based organization, i.e., physician practice management companies, independent physician associations (IPA's), or management services organizations (MSO's); and

(C) a future client was not an insurer or a pharmacy benefit manager (PBM).

9. P3 entered into two separate confidential agreements with Telesis and Deaconess to better test the above-referenced systems and methods by trying to duplicate test results.

10. The confidential testing of the above-referenced system and methods using Telesis commenced in October 1998.

(A) More specifically, P3 confidentially tested the system and methods to lower PMPM costs for Telesis in an effort to perfect the system and methods.

(B) The scope of the work performed for Telesis included collecting data provided by Telesis, analyzing that data, and presenting the results of the analysis to Telesis. All individuals from P3 that assisted in the confidential testing did so under Mr. Lewis' guidance and surveillance. At no time was

Telesis ever provided any information regarding the analysis of the data or the methods used by P3 to analyze the data. The analysis of any data was kept confidential by P3. At no time during the confidential testing of the system and methods did P3 or Mr. Lewis relinquish control of the system and methods.

(C) P3 collected quarterly payments to cover out-of-pocket expenses to cover costs of operating the systems and methods so that P3 could begin to test the systems and methods. Telesis also agreed to pay all expenses, i.e., travel expenses, incurred by P3 when testing the above-referenced system and methods. Telesis further agreed to pay a small percentage of PMPM cost savings to P3 during the testing period. The total savings recognized by Telesis during the testing of the systems and methods, however, were inconclusive due to the lack of integrity of the pharmacy claims data provided by Telesis. Therefore, since the cost savings was inconclusive, P3 received no cost savings payment. The primary purpose of the work for Telesis was experimental.

(D) Representatives from P3 and Telesis met monthly to exchange feedback regarding the progress of the confidential test. Some of the problems that were recognized during the confidential testing of the system and methods included:

- a lack of integrity of the pharmacy claims data provided by Telesis;
- reluctance to assist with data collection on the part of the insurers and the insurer's PBM;
- increased travel expenses due to scheduling of the system being controlled by the clients, which made for many unnecessary meetings that required personnel for P3 to travel to various locations to meet with representatives from Telesis, as well as physicians in the Telesis network;
- physicians were reluctant to "buy in" to the system and methods being tested because they did not see any incentive for them;
- academic detailing of all prescribers; and

- inability to determine exactly what savings were realized by P3's efforts due to lack of data integrity.

(E) In order to solve the problems that were recognized during the confidential testing, the system and methods were further developed to include:

- developing a time-line for academic detailing and client management visits;
- focus on academically detailing only those prescribers who are statistical outliers;
- put P3 in charge of scheduling so as to optimize resources of P3 representatives;
- perform due diligence review with respect to data integrity and benefit design; and
- investigate other ways to measure savings in other areas, i.e., PBM performance.

(F) P3 terminated the confidential test in December 1999, one year after commencing the confidential test. Although Telesis wanted to renew the contract, P3 declined any renewal as

the system and methods were still being further developed and tested.

(G) At no time was the confidential testing of the system and methods by P3 for Telesis made public.

11. Another confidential test of the above-referenced system and methods was performed by P3 for Deaconess Health Connection (Deaconess) of Evansville, IN. The confidential test commenced in December 1998.

(A) More specifically, P3 confidentially tested the system and methods as described above to lower PMPM costs for Deaconess in an effort to perfect the system.

(B) Again, the test of the above-referenced system and methods for Deaconess was performed confidentially, i.e., Deaconess was not provided any information as to the analysis of the data. Deaconess was provided the results of the analysis. All individuals from P3 that assisted in the testing did so under Mr. Lewis' guidance and surveillance. At no time was Deaconess ever provided any information regarding the analysis of the data or the methods used by P3 to analyze the data. The analysis of

any data was kept confidential by P3. At no time during the testing of the system and methods did P3 or Mr. Lewis relinquish control of the system and methods.

(C) P3 collected quarterly payments to cover out-of-pocket expenses to cover costs of operating the systems and methods so that P3 could begin to test the systems and methods. Deaconess also agreed to pay all expenses, i.e., travel expenses, incurred by P3 when testing the above-referenced system and methods. Deaconess further agreed to pay a small percentage of PMPM cost savings to P3 during the testing period. This time around, with the Deaconess test, unlike Telesis, the test worked and cost savings were realized. Of savings amount realized, P3 was paid a small percentage. The primary purpose of the work for Deaconess was experimental.

(D) Representatives from P3 and Deaconess met monthly to exchange feedback regarding the progress of the test. Some of the problems that were recognized during the testing of the above-referenced system and methods included:

- new treatment guidelines needed to be implemented because the treatment guidelines that were set up for Telesis were insufficient for Deaconess;
- there existed inconsistency in determining which pharmacy costs were to be used in establishing a benchmark PMPM; and
- the notification process to prescribers for academic detailing had to be modified from Deaconess from the process used during the test conducted for Telesis.

(E) In order to solve those problems, the system and methods were further developed to include:

- customized treatment guidelines to fit regional practice requirements;
- agreement before the commencement of the contract which pharmacy cost figures would later be used to calculate total savings and fees; and

- increase communication with client concerning the optimal method of scheduling appointments for academic detailing visits.

(F) P3 terminated the test in December 1999, one year after commencing the confidential test. Although Deaconess wanted to renew the contract, P3 declined any renewal as the systems and methods were still being further developed and tested.

(G) At no time was the testing of the system and methods by P3 for Deaconess made public.

12. The above-referenced monies that were received by P3 were for the purpose of covering costs during the implementation and testing of the above-referenced system and methods. This is evidenced by the fact that P3 was not profitable during the time that testing was conducted of the above-referenced system and methods for Telesis and Deaconess, namely during 1999.

13. After the one year confidential tests were performed using the Telesis network and the Deaconess network, further development was necessary to solve the problems with the system that became apparent during testing.

14. P3 was purchased by Preferred Physicians Healthcare Alliance (PPHA) in June 1999. Although further development of the above-referenced system and methods was required, PPHA had difficulty in obtaining the necessary investor capital to launch a pharmacy management business. PPHA subsequently abandoned the pharmacy management business.

15. In order to further develop and launch the above-referenced system and methods, Mr. Lewis founded Jasos with Mr. Moore in August, 2000.

16. Mr. Moore received a Bachelors of Science in Mechanical Engineering from the University of Florida in 1990. Mr. Moore further obtained a Masters in Business Administration from Rollins College in 1995.

17. In April, 2000, Mr. Moore joined Mr. Lewis in laying the groundwork for what would eventually become Jasos. Mr. Moore assisted in further developing the above-referenced system and methods by:

(A) developing operational and financial structure of the system and methods of the above-referenced patent applications;

(B) developing a fee-based product for those clients who prefer an option to above-referenced system and methods.

18. Based on the performance of the above-referenced system and methods, the results of the confidential tests conducted on the above-referenced system and methods, and the problems recognized during the confidential tests, we made substantial improvements and continued to develop the above-referenced system and methods in an effort to perfect it. On March 19, 2001, U.S. Patent Application Serial Nos. 09/812,704 and 09/812,703 were filed on the inventions as tested and developed as described above. The improvements that were made to the system and methods during development and perfection that occurred after testing included incentivizing physicians in the healthcare networks, making changes to payment schedules and cost responsibilities, target markets, and physician training.

19. Both contracts between Telesis, Deaconess, and P3 included confidentiality clauses. Under the confidentiality clauses, all parties are bound not to disclose the terms of the

contract or patient information during the period of the contract and thereafter.

20. In a good faith effort to meet its duty of candor with the Patent Office, Jasos desires to disclose these facts as described above to the Patent Office during the prosecution of the above-referenced patent application.

21. We hereby declare that all statements made herein of our own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

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12/26/01
Date


CHARLES C. LEWIS

12/26/01
Date


TERRANCE MOORE